



## **Ohio Unemployment Program Policy**

### **Covered and Excluded Employment**

3/25/2026

#### **Purpose**

This policy provides guidance on determining covered and excluded employment for unemployment insurance (UI) purposes in Ohio. It outlines the legal definitions, requirements, and rules for classifying various types of employment and wages under Ohio unemployment law. The policy aims to assist employers, employees, and unemployment insurance staff in understanding what does and does not constitute covered employment.

#### **Reference**

[Section 4141.01 - Ohio Revised Code | Ohio Laws](#)  
[Section 4141.011 - Ohio Revised Code | Ohio Laws](#)  
[Section 4141.20 - Ohio Revised Code | Ohio Laws](#)  
[Section 4141.24 - Ohio Revised Code | Ohio Laws](#)  
[Section 4141.241 - Ohio Revised Code | Ohio Laws](#)  
[Section 4141.242 - Ohio Revised Code | Ohio Laws](#)  
[Chapter 4141-1 - Ohio Administrative Code | Ohio Laws](#)  
[Rule 4141-3-05 - Ohio Administrative Code | Ohio Laws](#)  
[Rule 4141-5-02 - Ohio Administrative Code | Ohio Laws](#)  
[Rule 4141-5-03 - Ohio Administrative Code | Ohio Laws](#)

#### **Overview**

Ohio law establishes specific requirements for determining whether employment is covered by unemployment insurance law. The law specifically covers and excludes some types of employment. In some cases, staff consider 20 questions or conduct another relevant test to determine whether the employment is covered. Only claimants who have worked in covered employment may receive unemployment benefits.

The law requires all employers to report all covered employment and wages to the Ohio Department of Job and Family Services on a quarterly basis.

#### **Definitions**

**Employer:** An employer can be a business, a government agency, an Indian tribe, or an individual, or an organization, including partnerships, trusts, or corporations.

**Employment:** A job in which a person is paid for work under an agreement, either written or verbal.

## **Covered Employment**

Employment is considered covered if the employer meets liability requirements, if employees are paid for their work, and if the employer has control over how the work is done. In addition, Ohio Revised Code Sections 4141.01(B)(1) and (2) specifically identifies certain types of employment as covered employment.

## **Employer Liability**

The employer must meet liability requirements for the employment to be considered covered. Unemployment benefits must be charged to a specific employer's account. If the employer does not meet liability requirements, the employment is not covered.

There are five types of employers, and each has different rules for liability. The information below outlines the liability requirements for each type of employer:

- **Regular Employer**

Had at least one employee in covered employment for some portion of a day in each of 20 weeks within either the current or the preceding calendar year (it need not be the same employee).

**OR**

Paid wages of \$1,500 or more to employees in covered employment in any quarter within either the current or the preceding calendar year.

- **Nonprofit Employer**

Had four or more employees in covered employment for some portion of a day in each of 20 weeks in either the current or the preceding calendar year

- **Agricultural Employer**

Paid cash remuneration of \$20,000 or more in a calendar quarter. **This includes wages paid to H-2A Visa farm workers.**

**OR**

Had at least 10 individuals in agricultural employment for some portion of a day in each of 20 different weeks in either the current or the preceding calendar year. **This count does not include H-2A Visa farm workers.**

- **Domestic Employer**

Paid cash remuneration of \$1,000 in a calendar quarter within either the current or the preceding calendar year.

- **Public Entities and Indian Tribes**

Had at least one individual in covered employment.

## **Employers may also become liable for the following reasons:**

- If they were subject to the Federal Unemployment Tax Act in either the current or preceding calendar year and, as a result, paid federal unemployment tax on the wages paid to employees

- If they acquired a business from an employer who was subject to Ohio unemployment insurance law at the time the change of ownership occurred
  - In certain cases, one business that takes over another business will assume the *predecessor's* unemployment insurance liability. The new business is called the *successor*. If wages were reported for a quarter outside the previous employer's liability period, the successor is assigned the potential charges.
- If they elected to cover employees voluntarily
  - If an organization fails to meet the liability criteria but still would like to be covered, it may request coverage under Ohio Revised Code 4141.011 (H) or (I). Organizations specifically excluded by law may not be eligible for voluntary election.

### **Contributory vs. Reimbursing Accounts.**

These are the two types of covered employer accounts: contributory and reimbursing.

A *contributory* employer pays contributions every quarter. These are credited to that employer's account. The account is charged for benefits paid to eligible former employees. The amount of benefits charged to the employer's account and the employer's total account balance are factors in determining the employer's UI tax rate.

A *reimbursing employer* is either a nonprofit organization or a public employer. Reimbursing employers do not pay quarterly unemployment taxes. Instead, they are billed monthly for benefits charged to their account.

### **Excluded Employment**

Under Ohio law, certain types of employment are specifically excluded from unemployment insurance coverage. These can be found at [Ohio Revised Code Section 4141.01\(B\)\(3\)](#). Examples include individuals employed by a church or religious organization, students working for a school while taking classes at that school, and family members working for a sole proprietorship.

An employer is not liable under unemployment insurance law when all individuals performing service are in excluded employment. Excluded workers are not considered in determining employer liability. Wages paid to excluded employees are not subject to unemployment tax. They also cannot be used to establish a claimant's eligibility for benefits or to determine their benefit amount.

Employers should not report remuneration paid to excluded employees on their quarterly unemployment insurance wage reports.

For more information, see <https://jfs.ohio.gov/job-services-and-unemployment/unemployment/for-employers/covered-and-excluded-employment>.

### **Misclassification**

Misclassified workers are those incorrectly identified as independent contractors when they are employees.

- True independent contractors work on their own, pay their own expenses, and offer services

to multiple clients.

- Having a **1099 form** or an independent contractor agreement does **not** automatically mean someone is a contractor.

Unemployment insurance staff use different tests to determine whether individuals are contractors or employees. The tests for general employment and the construction industry are referred to as the “20 Questions.” Another test is used to determine whether individuals are contractors or employees in the trucking industry. These tests can be found at the citations below:

- **General Employment:** Ohio Administrative Rule 4141-3-05
- **Construction:** Ohio Revised Code Section 4141.01(B)(2)(k)
- **Trucking:** Ohio Revised Code Section 4141.01(B)(2)(m)

When applying the tests, the key factor is whether the worker has the right to direct and control the performance of services. If the right to direction and control resides with anyone other than the worker, this person is in an employment relationship.

### **Family Exclusions**

Services performed by individuals for their son, daughter, or spouse, or by a child under 18 for their parent, are excluded from coverage pursuant to Ohio Revised Code Section 4141.01(B)(3)(f).

Additional clarification is provided in Ohio Administrative Code 4141-5-03:

- A person's work for a partnership is excluded if each partner is related to the individual.
- A person's work for a corporation cannot be excluded, even if the corporation is family-owned.
- “Child” includes biological, adopted, step, and foster children.

### **Out-of-State Employment**

Ohio Revised Code Section 4141.42 allows for reciprocal agreements with other states to determine liability for employer contributions when employees perform services in multiple states.

Ohio Revised Code Section 4141.01(B)(2)(f) outlines the criteria used to determine where employees should be reported when multiple states are involved.

Generally, if the employee did not perform services in Ohio, they are not covered under Ohio unemployment law.

### **Liability Assignments**

To be eligible for unemployment benefits, individuals must:

- Be unemployed through no fault of their own when they apply for benefits  
**and**
- Have worked enough weeks and earned enough wages in covered employment during the base period of their claim (the first four of the last five completed calendar quarters before they applied for benefits).

Employer liability and covered employment issues may prevent or delay an individual from receiving unemployment benefits. Unemployment insurance staff are responsible for investigating and making determinations related to employer liability and/or covered employment.

**Review**

This policy will be subject to periodic review to ensure alignment with federal, state, and organizational requirements.

**Questions?** If you have questions, please call 1-877-644-6562 or complete the Employer Inquiry form on our website at [Contact Us](#).